

Message Text

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TAGS: EFIN, EAID, EAGR

SUBJ: INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (IFAD).

SUGGESTED AMENDMENTS OF DRAFT AGREEMENT BEING CONSIDERED

BY GROUP 77 THAT WOULD STRENGTHEN ROLE OF FAO.

REF: STATE 019296

SUMMARY: FAO GD SAOUMA DISCUSSED IN GENERAL TERMS HIS VIEWS ON FAO/IFAD RELATIONSHIP WITHOUT REFERRING TO HIS SUGGESTED AMENDMENTS. HE STRESSED NEED FOR COOPERATION; AND IDEA OF OECD/DAC GROUP ON FAO RELATIONSHIPS. OECD/DAC MEMBER STATES EXPRESSED VIEWS THAT IFAD SHOULD BE SET UP AS INDEPENDENT INSTITUTION AND THEN NEGOTIATE A CLOSE COOPERATION AGREEMENT ASSURING USE OF FAO'S EXISTING EXPERTISE. NEW OR SETTLED MATTERS SHOULD NOT BE RAISED IN UPCOMING IFAD MEETING, ESPECIALLY QUESTION OF IFAD'S BORROWING AUTHORITY. END SUMMARY.

1. FAO DIRECTOR-GENERAL EDOUARD SAOUMA MET WITH OECD/DAC GROUP TO INFORM THEM OF HIS THOUGHTS ON FAO/IFAD RELATIONS.

IN INTRODUCTION OECD/DAC GROUP CHAIRMAN REFERRED TO DG'S SUGGESTED AMENDMENTS TO IFAD ARTICLES, BUT DG KEPT DISCUSSION IN GENERAL TERMS OF NEED FOR FAO/IFAD

COOPERATION AND FAO CONFERENCE REQUEST HE DRAFT AGREEMENT

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BETWEEN FAO AND IFAD. DG HAS STARTED WORKING ON THIS

ISSUE AND STRESSED IMPORTANCE OF IFAD TO HIS IDEAS FOR
FAO. THUS QUESTION OF WHAT SERVICES IFAD WILL WANT FAO
TO PERFORM FOR IFAD IS CRITICAL TO DG'S REVIEW OF FAO
PROGRAMME OF WORK AND BUDGET.

2. DG, SPEAKING IN FRENCH AND APPLYING GOOD FRANCOPHONE
LOGIC, SET UP FIVE POSSIBLE ROLES FOR FAO IN SERVICING IFAD.
FIRST IS FAO NON-ROLE WITH OFAD BUILDING UP ITS OWN
AGRICULTURAL DEPARTMENT AND EXPERTISE. SECOND, IFAD COULD
LOOK TO WORLD BANK FOR AGRICULTURAL EXPERTISE. THIRD, IFAD
COULD ASK FAO TO IDENTIFY AND ASSESS PROJECTS AND ASK WORLD
BANK TO DO THE REST. FOURTH, IFAD COULD OPERATE ON PROJECT
BY PROJECT BASIS. FIFTH, IFAD COULD CONTRACT WITH FAO FOR
LATTER TO CARRY OUT PROJECTS WITH FAO SETTING AGRICULTURAL
DEVELOPMENT POLICY.

3. WITH THESE OPRIONS, DG THEN PASSED BALL TO OECD/DAC GROUP
INDICATING HE NEEDED ADVICE ON FAO/IFAD RELATIONSHIP. HE ALSO
SAID HE WOULD MAKE BRIEF 5-MINUTE STATEMENT TO BEGINNING OF
MEETING OF INTERESTED PARTIES OF IFAD ON JANUARY 28.

4. AMBASSADOR BORIN OF ITALY SET TONE OF OECD/DAC GROUP
RESPONSE WHEN HE STRESSED NEED FOR COOPERATION AND
GREATEST USE OF EXISTING FAO EXPERTISE. THIS SHOULD BE
PROVIDED FOR IN IFAD/FAO AGREEMENT AND NOT IN SUGGESTED
AMENDMENTS TO IFAD CHARTER. GOAL IS INSTITUTIONAL
INDEPENDENCE WITH FUNCTIONAL COOPERATION. US, UK,
NETHERLANDS, CANADA, AND SWITZERLAND ALL SUPPORTED GENERAL
THESIS OF AMBASSADOR BORIN.

5. US EMPHASIZED OUR DESIRE NOT TO REOPEN SETTLED ISSUES AT
IFAD MEETING. NEED WAS TO AGREE ON FUND. OF COURSE, IFAD
SHOULD USE FAO EXPERTISE WHICH IS VERY REASON FOR PROVISIONALLY
LOCATING IFAD IN ROME. UK EMPHASIZED NEED FOR SMALL STAFF FOR
IFAD AND CAME DOWN HARD AGAINST BORROWING AUTHORITY OR
SUBSIDIZED INTEREST RATES. NETHERLANDS ASKED DG TO ELABORATE
ON WHAT FAO COULD DO FOR IFAD. AUSTRALIA BLUNTLY STATED IT
COULD NOT ACCEPT IFAD SUBORDINATED TO FAO AND A BORROWING
AUTHORITY WAS UNACCEPTABLE.

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6. DG QUICKLY DENIED HIS AMENDMENTS HAD ANY INTENTION OF
SUBORDINATING IFAD TO FAO. MONEY RULES SO IT COULD ONLY BE
OTHER WAY AROUND. HE ALSO SAID BORROWING AUTHORITY WAS ONLY
TO INCREASE FUNDS FOR AGRICULTURAL DEVELOPMENT FROM IFAD AND
TO ASSURE ITS CONTINUITY. HE DESCRIBED IT AS JUST A PROPOSAL.
AS DG HE CAN MAKE PROPOSALS DESPITE EARLIER CONSIDERATION OF
IDEAS. HE EMPHASIZED NEED FOR COOPERATION BETWEEN IFAD AND
FAO.

7. DG TURNED TO MR. CASATI OF THE FAO INVESTMENT CENTER WHO OUTLINED INVESTMENT CENTER EXPERTISE GAINED OVER LAST 10 YEARS AND INVOLVEMENT IN PROJECTS WORTH ABOUT 5 BILLION DOLLARS. MR. CASATI SAID FAO COULD HELP IDENTIFY PROJECTS AND PREPARE SECTORIAL STUDIES. FAO COULD ALSO HELP WORLD BANK ON EVALUATION AND TECHNICAL CONTROL OF PROJECTS. IT COULD NOT HELP ON ACCOUNTING AND PREPARING CONTRACTS. GIVEN PROJECTED SIZE OF IFAD FUND, CASATI FORESAW ABOUT 30 PEOPLE WORKING FULL TIME ON A DOZEN PROJECTS OR SO A YEAR WHICH IFAD MAY BE ABLE TO HANDLE.

8. UK RESPONDED THAT BORROWING PROPOSAL SHOULD BE KEPT OUT OF UPCOMING IFAD MEETING. HE SUGGESTED FAO, WORLD BANK AND PERM. REPS. MEET INFORMALLY ON SUBJECT.

COMMENT: IT IS CLEAR THAT DG HAS FULL UNDERSTANDING OF OPPOSITION TO HIS PROPOSED AMENDMENTS TO IFAD CHARTER FROM OECD GROUP. HE IS EMPHASIZING COOPERATION AND PRELIMINARY NATURE OF HIS AMENDMENTS. US HAS ALSO KEPT DR. HANNAH FULLY INFORMED ON SUBJECT. WE EXPECT SAOUMA IN HIS STATEMENT TO IFAD ON JANUARY 28 TO STRESS NEED FOR HIS UNDERSTANDING OF FAO'S ROLE IN SERVICING IFAD SO HE CAN MAKE PROGRAMME DECISIONS. VOLPE

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